TFSA Pension: 3 Must-Own Dividend Stocks

Description

Last month I'd gone over some strategies for investors on the verge of retirement. The registered retirement savings plan (RRSP) is the prime target for those looking to build a post-work nest egg, but the tax-free savings account is no slouch in this regard.

Not only is its flexibility highly attractive before retirement, but once in retirement, it can provide consistent tax-free income and gains.

The Canada Pension Plan (CPP) is set to be stretched to its limit as the number of retirees grows to an unprecedented level. Defined-benefit pension plans are also in a steep decline in the private sector.

Investors planning for retirement need to have a back-up plan, and the TFSA is a great way to start. Let's look to beef up our retirement savings with three top TSX stocks today.

Royal Bank

Bank stocks may not be the sexy pick, but they get the job done. **Royal Bank** (TSX:RY)(NYSE:RY) is the largest bank in Canada and one of the most important financial institutions in the world. Its stock has climbed 20.8% in 2019 at the time of this writing.

The bank is set to release its fourth-quarter and full-year results for 2019 on December 4. So far this year Royal Bank has reported net income of $9.66 billion and diluted earnings per share of $6.57, up 5% and 7%, respectively, from the same time in 2018.

It has achieved this on the back of strong growth in Personal and Commercial Banking and Wealth Management. Royal Bank has emerged as a lending leader as Canada's housing market has bounced back in a big way in the second half of this year.

Shares of Royal Bank have achieved average annual returns of 9% over the past 10 years. The stock offers a quarterly dividend of $1.02 per share, which represents a 3.8% yield.

Enbridge

Enbridge (TSX:ENB)(NYSE:ENB) has been an extremely reliable dividend stock over the past decade. This has held true even in the face of significant headwinds in the oil and gas sector.

Enbridge boasts a wide economic moat and a multi billion-dollar project pipeline. Shares have climbed 25.4% in 2019 as of close on November 18.

The company continued its streak of solid earnings with the release of its third-quarter results earlier this month. GAAP earnings came in at $949 million, or $0.47 per share compared to a net loss of $90 million or $0.05 per share in Q3 2018. Cash provided by operating activities soared to $2.73 billion over $1.46 billion in the prior year.

Shares have achieved an average annual return of 11.8% over the past decade. Enbridge currently offers a quarterly dividend payout of $0.738 per share, representing a strong 5.8% yield. The company has delivered over 20 consecutive years of dividend growth.

Toronto-Dominion Bank

Let's finish up with another top bank stock. **Toronto-Dominion Bank** (TSX:TD)(NYSE:TD) is the second-largest bank in Canada and one of the largest banks operating in the United States. This large footprint south of the border has been a significant source of strength in the back half of this decade.

Net income in TD's U.S. Retail banking segment rose 13% year-over-year to $1.28 billion in the third quarter. Its posted higher loan and deposit volumes that fed into earnings growth.

American banks have received a big boost from the *U.S. Tax Cuts and Jobs Act*, but the positive effects have dissipated after a huge profit run-up in 2018.

TD Bank stock has posted average annual returns of 10.9% over the past decade. It last paid out a quarterly dividend of $0.74 per share, which also represents a 3.8% yield.

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aocallaghan